

Valuation Requirements as per Various Acts

Particulars	Remarks	Under Companies Act, 2013		Under Foreign Exchange Management Act, 1999	Under Income Tax Act, 1961 (Rule 11 UA) & Others as Specified
Fresh issue of Share Capital by an Indian company Preferential Allotment of Shares [Section 62(1)(c)] Private Placement [Section 42]	Who can value	Registered Valuer (RV)#		Chartered Accountant or Merchant Banker##	<ul style="list-style-type: none"> • If NAV### – Chartered Accountant/Merchant Banker • If DCF – Merchant Banker
	Method of Valuation	Rule 8 of the Companies (Registered Valuer & Valuation Rules) 2017 (a) any internationally accepted valuation standards. (b) valuation standards adopted by any registered valuers organisation.		When issued to a Non-resident, <ul style="list-style-type: none"> • SEBI Guidelines (Listed Company) • The fair price as calculated under any internationally accepted pricing methodology (Unlisted Company) 	NAV – Net Assets Value or DCF – Discounted Cash Flows (required only in case of shares issued at premium)
Transfer of Shares (not covered in above)	Who can value	R* to NR** NA***	NR to R NA	Chartered Accountant or Merchant Banker	Chartered Accountant or Merchant Banker
	Method of valuation	N.A.		Transaction involving a Non-resident, <ul style="list-style-type: none"> • SEBI Guidelines (Listed Company) • The fair price as calculated under any internationally accepted pricing methodology (Unlisted Company) 	NAV – Net Assets Value
Right/Bonus issue of shares [Section 62/63 of Companies Act \$	Who can value	N.A.		Chartered Accountant or Merchant Banker*	Chartered Accountant or Merchant Banker
	Method of valuation	N.A.		When issued to a Non-resident, <ul style="list-style-type: none"> • SEBI Guidelines (Listed Company) • The fair price as calculated under any internationally accepted pricing methodology (Unlisted Company) 	NAV – Net Assets Value

Particulars	Remarks	Under Companies Act, 2013	Under Foreign Exchange Management Act, 1999	Under Income Tax Act, 1961 (Rule 11 UA) & Others as Specified
Employee Stock Option Scheme's (ESOP's) and Sweat Equity shares	Who can value	Registered Valuer (RV)	Chartered Accountant or Merchant Banker	Merchant Banker (At time of exercise of option)
	Method of valuation	Applicable only in case of Valuation of sweat shares / shares issued without consideration as well as of the intellectual property rights/know-how/value additions etc.	When issued to a Non-resident, <ul style="list-style-type: none"> SEBI Guidelines (Listed Company) The fair price as calculated under any internationally accepted pricing methodology (Unlisted Company) 	As prescribed under Rule 3(8) of Income tax Rules
Buyback of Shares	Who can value	N.A.	Chartered Accountant or Merchant Banker	N.A.
	Method of valuation	N.A.	When issued to a Non-resident, <ul style="list-style-type: none"> SEBI Guidelines (Listed Company) The fair price as calculated under any internationally accepted pricing methodology (Unlisted Company) 	N.A.
Mergers & Acquisition	Who can value	Registered Valuer (RV)*	FEMA (Cross Border Merger) Regulations, 2018 of Rule 25A – Members of the recognised professional body in the jurisdiction of the transferee company	Chartered Accountant or Merchant Banker*
	Method of valuation	Rule 8 of the Companies (Registered Valuer & Valuation Rules) 2017 (a) any internationally accepted valuation standards. (b) valuation standards adopted by any registered valuers organisation.	Transaction involving a Non-resident, <ul style="list-style-type: none"> SEBI Guidelines (Listed Company) The fair price as calculated under any internationally accepted pricing methodology (Unlisted Company) 	NAV* – Net Assets Value

Particulars	Remarks	Under Companies Act, 2013	Under Foreign Exchange Management Act, 1999	Under Income Tax Act, 1961 (Rule 11 UA) & Others as Specified
Subscription/ Acquisition of equity shares of Overseas Companies (ODI)	Who can value	NA	<ul style="list-style-type: none"> Investment > \$5m - Merchant Banker registered with SEBI or an Investment Banker/ Merchant Banker outside India registered with the appropriate regulatory authority in the host country. All other cases - Members of the recognised professional body in the jurisdiction such as Chartered Accountant/ Certified Public Accountant or as per RBI guidelines. 	NA
	Method of valuation	NA	When issued to a Non-resident, <ul style="list-style-type: none"> SEBI Guidelines (Listed Company) The fair price as calculated under any internationally accepted pricing methodology (Unlisted Company) 	NA

Registered Valuer (RV), a person registered as a valuer under Chapter XVII of the Companies Act, 2013 and having qualification and experience as per Companies (Registered Valuers and Valuation) Rules, 2017

Merchant Banker – Category I Merchant Banker registered with the Securities and Exchange Board of India (SEBI)

NAV – Net Assets Value - As defined in Rule 11UA of Income Tax Act, 1961

***R – Resident** – As defined in section 6 of Income Tax Act, 1961 and Section 2(v)(i) of FEMA Act, 1999

****NR – Non-Resident** - As defined in section 9 of Income Tax Act, 1961 and Section 2(w)(i) of FEMA Act, 1999

*****NA** – Not Applicable

§ **Right/Bonus Share** – Advisable to seek a professional opinion before taking any valuation decisions.

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